

Fact Sheet 12/31/2011

## Fund Description

The IQ Real Return ETF seeks to track, before fees and expenses, the performance of the IQ Real Return Index.

## Index Description

The IQ Real Return Index seeks to provide investors with a hedge against the U.S. inflation rate by providing a “real return,” or a return above the rate of inflation, as represented by the Consumer Price Index (the “CPI”). The CPI is a measure of the average change in prices over time of goods and services purchased by households and a widely-recognized barometer of inflation in the U.S.

## Features and Benefits

- Seeks to provide a hedge against inflation
- Seeks to provide a low volatility “real return” (i.e., return above inflation)
- Intra-day liquidity
- Portfolio transparency – holdings available daily
- Rules-based approach<sup>1</sup>

## Risk Considerations

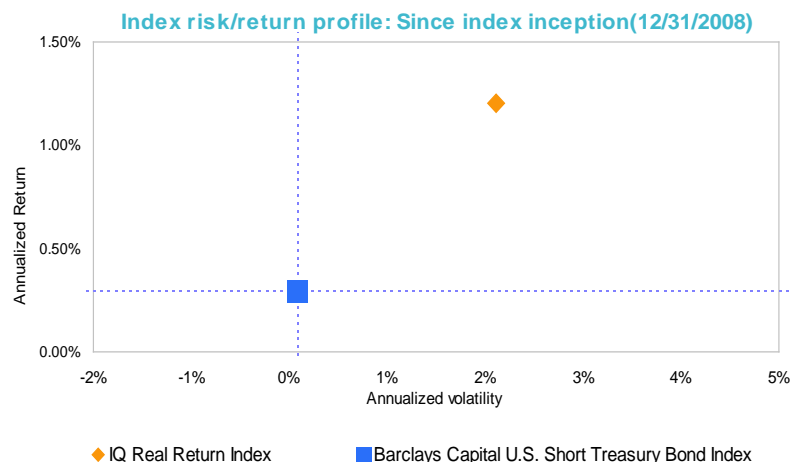
- Investment in underlying ETFs which themselves have risks.
- Tracking error to the Index
- Price may differ from NAV
- Other risks similar to stocks

See risk discussion on reverse side.

## Fund Data

|  |                  |
|--|------------------|
| <b>Fund Ticker</b>   | <b>CPI</b>       |
| <b>Intraday NAV (IIV)</b>                                  | <b>CPI.IV</b>    |
| <b>Expense Ratio<sup>2</sup></b>                           | <b>0.48%</b>     |
| <b>Acquired Fund Fees &amp; Other Expenses<sup>2</sup></b> | <b>0.17%</b>     |
| <b>Total Annual Fund Operating Expenses<sup>2</sup></b>    | <b>0.65%</b>     |
| <b>Exchange</b>  | <b>NYSE Arca</b> |
| <b>Underlying Index Symbol</b>                             | <b>IQHGCPIT</b>  |

## Index Performance History



| Fund / Index History                                   | Quarter | YTD    | 1 Year | Since Fund Inception:<br>10/27/2009 † | Since Index Inception:<br>12/31/2008 † |
|--|---------|--------|--------|---------------------------------------|--|
|  | Return  | Return | Return | Return                                | Return                                 |
| <b>IQ Real Return ETF (NAV)</b>                        | 0.95%   | 2.10%  | 2.10%  | 1.81%                                 | n/a                                    |
| <b>IQ Real Return ETF (MP)</b>                         | 1.30%   | 2.25%  | 2.25%  | 1.92%                                 | n/a                                    |
| <b>IQ Real Return Index</b>                            | 1.10%   | 2.70%  | 2.70%  | 2.41%                                 | 1.20%                                  |
| <b>Barclays Capital U.S. Short Treasury Bond Index</b> | 0.04%   | 0.23%  | 0.23%  | 0.25%                                 | 0.30%                                  |

† annualized

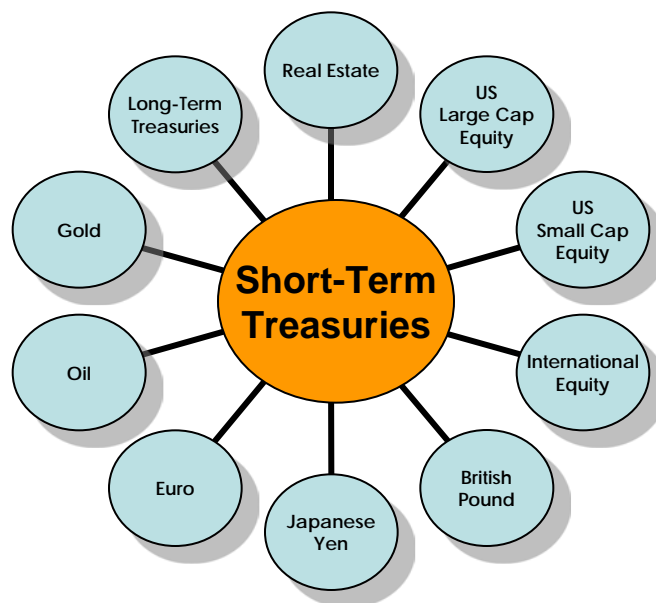
IndexIQ shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total Returns are calculated using the daily 4:00 pm ET net asset value (NAV). The price used to calculate market price (“MP”) is determined by using the closing price listed on the NYSE Arca and does not represent returns an investor would receive if shares were traded at other times.

The performance data quoted above represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund shares will fluctuate so that an investor’s shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. Fund returns reflect dividends and capital gains distributions. Fund performance current to the most recent month-end is available by calling 1-888-934-0777 or by visiting [www.indexiq.com](http://www.indexiq.com). Index performance is for illustrative purposes only and does not represent actual Fund performance. One cannot invest directly in an index. Results prior to an Index component’s existence as an ETF are based on its underlying index, which do not reflect underlying management fees. No representation is being made that any investment will achieve performance similar to that shown.

**Top Fund Holdings<sup>3</sup> (12/31/2011)**

|            |  |               |
|------------|--|---------------|
| <b>SHV</b> | <b>ISHARES BARCLAYS SHORT TR</b>                   | <b>38.43%</b> |
| <b>BIL</b> | <b>SPDR BARCLAYS CAPITAL 1-3</b>                   | <b>32.20%</b> |
| <b>TLT</b> | <b>ISHARES BARCLAYS 20+ YEAR TREASURY BOND FUI</b> | <b>10.30%</b> |
| <b>IWM</b> | <b>ISHARES RUSSELL 2000</b>                        | <b>4.94%</b>  |
| <b>DBO</b> | <b>POWERSHARES DB OIL FUND</b>                     | <b>4.87%</b>  |
| <b>SPY</b> | <b>SPDR TRUST SERIES 1</b>                         | <b>4.51%</b>  |
| <b>DGL</b> | <b>POWERSHARES DB GOLD FUND</b>                    | <b>4.03%</b>  |
| <b>FXE</b> | <b>CURRENCYSHARES EURO TRUST</b>                   | <b>0.58%</b>  |

Asset class exposures (through ETF holdings) vary based on monthly rebalance. Available asset classes include: U.S. Large Cap Equity; U.S. Small Cap Equity; International Equity; British Pounds; Euro; Japanese Yen; Real Estate; Oil; Gold; Short Term U.S. Treasury Bills; and Long Term U.S. Treasury Bonds.



Consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus and the statement of additional information include this and other relevant information about the Fund and are available by visiting [www.indexiq.com](http://www.indexiq.com) or calling 1-888-934-0777. Read the prospectus carefully before investing.

**Risk Discussion:** The Fund's investment performance, because it is a fund of funds, depends on the investment performance of the underlying ETFs in which it invests. There is no guarantee that the Fund itself, or any of the ETFs in the Fund's portfolio, will perform exactly as its underlying index. The Fund's underlying ETFs invest in: foreign securities, which subject them to risk of loss not typically associated with domestic markets, such as currency fluctuations and political uncertainty; commodities markets, which subject them to greater volatility than investments in traditional securities, such as stocks and bonds; and fixed income securities, which subject them to credit risk – the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt – and interest rate risk – changes in the value of a fixed-income security resulting from changes in interest rates. The ETF is new and has limited operating history.

The Barclays Capital U.S. Short Treasury Bond Index measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of between 1 and 12 months. References to "TIPS" apply to the Barclays Capital U.S. TIPS Index. The Barclays Capital U.S. TIPS Index measures the performance of inflation protected public obligations of the U.S. Treasury, also known as "TIPS". Sources for IndexIQ and benchmark data: IndexIQ, FactSet, Bloomberg, and [www.BLS.gov](http://www.BLS.gov).

<sup>1</sup>The Fund employs a "passive management" – or indexing – investment approach designed to track the performance of the Index. The Fund invests primarily in the Index components that comprise the Index.

<sup>2</sup>As stated in the Fund's prospectus, the expense ratio of 0.48% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. In addition to this expense ratio, the Fund will indirectly bear its proportionate share of the fees and expenses of the underlying ETFs in which it invests. The Fund has Total Annual Fund Operating Expenses of 0.65%, which includes (i) other Fund expenses and (ii) the Fund's pro rata share of fees and expenses incurred indirectly as a result of investing in other funds, including ETFs and money market funds. This amount will vary over time due to changes in the underlying ETF fees and expenses and the constitution of the Index.

<sup>3</sup>Holdings are subject to change without notice.

Fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in-kind.

IndexIQ has no obligation to take the needs of the Funds or its owners into consideration in determining, composing or calculating the Index. IndexIQ shall not be liable to any person for any error in the Index nor shall it be under any obligation to advise any person of any error therein.

The Fund is distributed by ALPS Distributors, Inc., which is not affiliated with IndexIQ or the Fund's investment advisor.

The IQ Real Return Index is the exclusive property of IndexIQ which has contracted with Standard & Poor's ("S&P") to maintain and calculate the Index. S&P shall have no liability for any errors or omissions in calculating the Index. IndexIQ® and IQ® are registered service marks of IndexIQ.

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